

# EXHIBIT A

**Carolina Water Service. Inc.****SUBDIVISION****County**

Hunters Glenn	Aiken
Palmetto Apartments	Beaufort
Whitescreek / Lincolnshire	Georgetown
Arrowhead/Lakewood/Smallwood Estates	Lexington
Blue Ridge Terrace/Calvin Acres/ Heatherwood	Lexington
Brighten Forest (Part of I-20)	Lexington
Calvin Acres	Lexington
Falcon Ranches	Lexington
Glenn Village II	Lexington
Golden Pond (part of I-20)	Lexington
Governors Grant (Watergate service area)	Lexington
Harborside (Watergate service area)	Lexington
Heatherwood	Lexington
Hidden Valley Country Club	Lexington
Hidden Valley Mobile Home Park (bulk w&s customer)	Lexington
Mineral Springs Mobile home park (bulk sewer customer)	Lexington
Vanarsdale (bulk sewer customer)	Lexington
Idlewood	Lexington
Indian Pines	Lexington
Laurel Meadows / Savannah Point (part of I-20)	Lexington
Oak Grove Estates (part of I-20)	Lexington
Oakwood (part of I-20)	Lexington
Peachtree Acres	Lexington
Planters Station (part of I-20)	Lexington
Rollingwood/Silvercreek (Watergate service area)	Lexington
Seay Cove / Mallard Cove	Lexington
Secret Cove (Watergate service area)	Lexington
Spring Lake Dutchwood ( part of I-20)	Lexington
Spring Hill / Oakcrest (part of I-20)	Lexington
Sycamore Acres (part of I-20)	Lexington
The Landings (Watergate service area)	Lexington
Grayland Forest Woodcastle (part of I-20)	Lexington
Watergate / Spences Point / Mallard Shores (Watergate service area)	Lexington
Westside Terrace	Lexington
Windward Point / Harbour Place (Watergate service area)	Lexington
Woodsen (part of I-20)	Lexington
Kingston Harbor	Lexington
Roosevelt Gardens	Lexington
Ballentine Cove (Friarsgate service area)	Orangeburg
North Lake Shore Point (Friarsgate service area)	Richland
Salem Church Rd (Friarsgate service area)	Richland
Shadowood Cove	Richland
Stonegate	Richland
Forty Love / Indian Fork	Richland / Lexington

Friarsgate  
Oakland Plantation  
Pocalla  
Rock Bluff  
River Hills

Richland / Lexington  
Sumter  
Sumter  
Williamsburg  
York

## EXHIBIT B

**United Utility Companies, Inc.**

<b>SUBDIVISION</b>	<b>County</b>
Chambert Forest	Anderson
Briarcreek	Cherokee
Canterbury	Greenville
Kingswood	Greenville
Trollingwood	Greenville
Valley Brook	Greenville
The Village / Woodmont HS	Greenville
Woodmont Estates	Greenville
Highland Forest	Greenwood
Fairwood	Union

# EXHIBIT C

## **Utilities Services of South Carolina, Inc.**

<b>SUBDIVISION</b>	<b>County</b>
Purdy Shores	Abbeville
Belle Mead Acres	Anderson
Bridgewater	Anderson
Calhoun Acres	Anderson
Clearview	Anderson
Dobbins Estates	Anderson
Edgebrook	Anderson
Fieldcrest	Anderson
Greenforest	Anderson
Haynie Builders	Anderson
Hidden Lake	Anderson
Hill and Dale	Anderson
Lakewood	Anderson
Leon Bolt / Nevitt Forest / Normandy Park	Anderson
Oakwood Estates	Anderson
Sherwood Forest	Anderson
Surfside Heights	Anderson
Towncreek Acres	Anderson
Bellemede	Lexington
Cambridge Hills	Lexington
Charwood	Lexington
Dutchman Acres	Lexington
Dutchman Shores	Lexington
Emma Terrace	Lexington
Estates at Hilton	Lexington
Foxtrail	Lexington
Glenn Village I	Lexington
Hermitage	Lexington
Hilton Place	Lexington
Indian Cove	Lexington
Lake Village	Lexington
Lexington Estates	Lexington
Lexington Farms	Lexington
Milmont Shores	Lexington
Murray Lodge	Lexington
Murray Park Estates	Lexington
Parkwood	Lexington
Sangaree	Lexington
Tanya Terrace	Lexington
Vanarsdale	Lexington
Windy Hill	Lexington
Charleswood	Richland
Dutch Village / Raintree Acres	Richland
Farrowood Estates	Richland
Harmon Hill Estates	Richland
Oakridge Hunt Club	Richland
Raintree Acres / Dutch Creek	Richland
Springfield Acres	Richland
Washington Heights	Richland
Tanglewood	Saluda
Oakland Plantation	Sumter
Barney Rhett	York
Brown Neal	York

Brownsboro	York
Cameron Acres	York
Carowoods	York
Carrolton Place	York
Country Oaks	York
Farm Pond	York
Foxwood	York
Hickory Hills	York
Hidden Lakes	York
Kim Acres	York
Leslie Dale	York
Leslie Woods	York
Mallard LLakes	York
Middlestream	York
Old Farms	York
Olympic Acres	York
Pepperidge	York
Plantation / Wintercrest / Olewoods	York
Polly Circle	York
Ridgewood	York
Riverbend	York
Shandon	York
Shilo Quarters	York
Silver Lake / Windwood	York
Southbend	York
Spring Lakes	York
Valleymere	York
Wesleywoods	York
Windy Run	York
Woodbridge	York



# EXHIBIT D

**Southland Utilities, Inc.**

<b>SUBDIVISION</b>	<b>County</b>
Cedarwood	Lexington
Creekwood	Lexington

# EXHIBIT E

## **Plan of Merger**

Plan of merger dated \_\_\_\_\_, between Carolina Water Service, Inc., called the "surviving corporation" and Southland Utilities, Inc., United Utility Companies, Inc., and Utilities Services of South Carolina, Inc., called the "absorbed corporations".

### **Stipulations**

A. Carolina Water Service, Inc. is a corporation organized and existing under the laws of the State of Delaware, with its principal office at 2335 Sanders Road, Northbrook, IL 60062, and is qualified to transact business as a foreign corporation in the state of South Carolina.

B. Carolina Water Service, Inc. has a capitalization of 20,000 authorized shares of \$1.00 par value common stock, of which 12,500 shares are issued and outstanding.

C. Southland Utilities, Inc. is a corporation organized and existing under the laws of the State of South Carolina with its principal office at 2335 Sanders Road, Northbrook, IL 60062.

D. Southland Utilities, Inc. has a capitalization of 20,000 authorized shares of no par value common stock of which 20,000 shares are issued and outstanding.

E. United Utility Companies, Inc. is a corporation organized and existing under the laws of the State of South Carolina with its principal office at 2335 Sanders Road, Northbrook, IL 60062.

F. United Utility Companies, Inc. has a capitalization of 10,000 authorized shares of \$0.10 par value common stock of which 1,000 shares are issued and outstanding.

G. Utilities Services of South Carolina, Inc. is a corporation organized and existing under the laws of the State of South Carolina with its principal office at 2335 Sanders Road, Northbrook, IL 60062.

H. Utilities Services of South Carolina, Inc. has a capitalization of 1,000 authorized shares of \$1.00 par value common stock of which 1,000 shares are issued and outstanding.

I. The boards of directors of the constituent corporations deem it desirable and in the best business interests of the corporations and their shareholders that Southland Utilities, Inc., United Utility Companies, Inc., and Utilities Services of South Carolina, Inc. be merged into Carolina Water Service, Inc. pursuant to the provisions of the South Carolina Business Corporation Act in order that the transaction qualify as a "reorganization" within the meaning of the Internal Revenue Code.

In consideration of the mutual covenants, and subject to the terms and conditions set forth below, the constituent corporations agree as follows:

## **Merger**

Southland Utilities, Inc., United Utility Companies, Inc., and Utilities Services of South Carolina, Inc. shall merge with and into Carolina Water Service, Inc., which shall be the surviving corporation.

## **Terms and Conditions**

On the effective date of the merger, the separate existence of the absorbed corporations shall cease, and the surviving corporation shall succeed to all the rights, privileges, immunities, and franchises, and all the property, real, personal, and mixed of the absorbed corporations, without the necessity for any separate transfer. The surviving corporation shall then be responsible and liable for all liabilities and obligations of the absorbed corporations, and neither the rights of creditors nor any liens on the property of the absorbed corporations shall be impaired by the merger.

## **Conversion of Shares**

Each issued share of the absorbed corporations immediately prior to the effective time and date of the merger shall, at the effective time and date of the merger, be cancelled. The issued shares of the surviving corporation shall not be converted or exchanged in any manner, but each said share which is issued as of the effective time and date of the merger shall continue to represent one issued share of the surviving corporation.

## **Changes in Articles of Incorporation**

The articles of incorporation of the surviving corporation shall continue to be its articles of incorporation following the effective date of the merger.

## **Changes in Bylaws**

The bylaws of the surviving corporation shall continue to be its bylaws following the effective date of the merger.

## **Directors and Officers**

The directors and officers of the surviving corporation on the effective date of the merger shall continue as the directors and officers of the surviving corporation for the full unexpired terms of their offices and until their successors have been elected or appointed and qualified.

## **Prohibited Transactions**

None of the constituent corporations shall, prior to the effective date of the merger, engage in any activity or transaction other than in the ordinary course of business, and shall take all action necessary or appropriate under the laws of the State of South Carolina and the State of Delaware to consummate this merger.

### **Approval by Shareholders**

This plan of merger shall be submitted for the approval of the shareholders of the constituent corporations in the manner provided by the applicable laws of the State of South Carolina and the State of Delaware at meetings to be held on or before \_\_\_\_\_, or at such other time as to which the boards of directors of the constituent corporations may agree.

### **Effective Date of Merger.**

The effective date of this merger shall be the date when articles of merger are filed by the South Carolina secretary of state.

### **Abandonment of Merger**

The plan of merger may be abandoned by action of the board of directors of either the surviving or any of the absorbed corporations at any time prior to the effective date on the happening of either of the following events:

1. If the merger is not approved by the stockholders of either the surviving or any of the absorbed corporations on or before \_\_\_\_\_;
2. If, in the judgment of the board of directors of either the surviving or any of the absorbed corporation, the merger would be impracticable because of the number of dissenting shareholders asserting appraisal rights under the laws of the State of South Carolina or the laws of the state of Delaware.
3. If the merger of the companies does not receive necessary regulatory approvals.

### **Execution of Agreement**

This plan of merger may be executed in any number of counterparts, and each such counterpart shall constitute an original instrument.

Executed on behalf of the parties by their officers, sealed with their corporate seals, and attested by their respective assistant secretaries pursuant to the authorization of their respective boards of directors on the date first written above.

CAROLINA WATER SERVICE, INC.

\_\_\_\_\_  
*[Signatures and titles as appropriate]*

*[Corporate Seals]*

Attest: \_\_\_\_\_

\_\_\_\_\_  
*[Signatures and titles as appropriate]*

SOUTHLAND UTILITIES, INC.

\_\_\_\_\_  
*[Signatures and titles as appropriate]*

*[Corporate Seals]*

Attest: \_\_\_\_\_

*[Signatures and titles as appropriate]*

UNITED UTILITY COMPANIES, INC.

\_\_\_\_\_  
*[Signatures and titles as appropriate]*

*[Corporate Seals]*

Attest: \_\_\_\_\_

*[Signatures and titles as appropriate]*

UTILITIES SERVICES OF SOUTH CAROLINA, INC.

\_\_\_\_\_  
*[Signatures and titles as appropriate]*

*[Corporate Seals]*

Attest: \_\_\_\_\_

*[Signatures and titles as appropriate]*

# EXHIBIT F





# SC Operating Business Units Consolidation Plan

September 2014

---

## I. Background

Utilities, Inc. (UI) is a national water and wastewater company with 75 operating subsidiaries that serve over 300,000 customers in 15 states across the country. The company owns and operates four companies in the state of South Carolina, which provide water and wastewater service to approximately 30,000 customers in 16 counties.<sup>1</sup> UI is the largest private water company in the state. As investor-owned utilities, the Public Service Commission of South Carolina (Commission) regulates the UI subsidiaries and their rates are set through the established rate case process. In addition, as providers of water and wastewater service, the companies must also meet all standards established by the Environmental Protection Agency (EPA) and the state Department of Health & Environmental Control (DHEC).

Over the past 42 years, UI has acquired a number of water and wastewater systems in the state and made significant capital investment to bring them up to current operating standards. Some of these were “problem” systems that needed a utility such as UI with access to capital to take them over, invest the capital, and then operate them in accordance with all regulatory requirements. The rates allowed for UI companies in South Carolina vary significantly due in part to system size, extent of capital needed for upgrades, and the number of customers served by each company. In the current environment, in which the EPA and DHEC are tightening environmental standards, and infrastructure continues to require repairs and upgrades to the utility systems, the financial viability of utilities in general is eroding, hampering their ability to maintain high levels of environmental compliance and customer service. Furthermore, rate stability for small systems in need of capital improvements has become a concern in South Carolina as well as other states.

It is understandable why a company would choose to operate utilities as separate entities. For example, when a company acquires a utility, its rates for operation typically differ from the acquiring company’s rates and charges. A stock purchase and the need to obtain regulatory approval of the transfer in a timely manner can also be compelling reasons to keep utility entities and their tariffs separate. Limiting liability and indemnifications associated with acquisitions can drive the need to keep corporate entities separate as well.

However, increasing rates and the desire for regulatory efficiency have given rise to renewed interest in combining utility companies. For instance, in October 2012, UI agreed to study the consolidation of its Illinois subsidiaries as part of a Stipulation among the Illinois Commission staff, joint applicants and the state Attorney General in Docket No. 12-0279. In that proceeding, UI proposed a business plan for consolidating the separate

---

<sup>1</sup> In addition, UI owns Tega Cay Water Service, Inc. (TCWS), which no longer provides utility services to customers (see Docket No. 2014-152-WS, granting authority to transfer the system to the City of Tega Cay).

# SC Operating Business Units Consolidation Plan

---

companies into a single corporate entity. UI has also looked at other states where it would be beneficial to consolidate.

In South Carolina, investing the needed capital and insuring safe and reliable service for companies that vary in size has resulted in fluctuations in rates by company. A management audit of UI's South Carolina operations conducted by Shumaker & Company in 2007 at the request of the Commission recommended that UI investigate the benefits of streamlining rate case proceedings by consolidating its subsidiaries.<sup>2</sup> In 2013, in testifying before the Commission during rate case proceedings, UI's South Carolina president indicated a desire and commitment to consolidate the South Carolina subsidiaries. Furthering that commitment, UI representatives have held informal meetings and discussions with the Office of Regulatory Staff (ORS) about a consolidation filing and prepared this plan.

## II. Consolidation Plan

### A. UI Operating Subsidiaries Overview

UI desires to consolidate its South Carolina operating subsidiaries into one entity and ultimately consolidate its tariffs into one uniform tariff during the next general rate case. Carolina Water Service, Inc. will be the surviving entity after merging the other three companies: United Utility Companies, Inc.; Utilities Services of South Carolina, Inc.; and Southland Utilities, Inc.<sup>3</sup> Additionally, Water Service Corporation ("WSC"), a shared services organization, provides support services to UI's operating subsidiaries pursuant to intercompany agreements.

#### 1. Carolina Water Service, Inc.

Carolina Water Service, Inc. ("CWS") provides service to approximately 50 communities, which consist of 8,271 water customers and 13,414 wastewater customers located in Aiken, Beaufort, Georgetown, Lexington, Orangeburg, Richland, Sumter, York, and Williamsburg counties. CWS customers pay the following rates, which took effect on March 4, 2014.<sup>4</sup>

---

<sup>2</sup> "Final Report on the Management Review Audit of Utilities, Inc. with Specific Focus on the Five Subsidiary Water and Wastewater Companies that Operate in South Carolina", Shumaker & Company, April 2, 2007 filed pursuant to Order 2006-284, Docket No. 2004-357-WS.

<sup>3</sup> Tega Cay Water Service, Inc. ("TCWS") neither has assets nor continues to provide utility service to the public following the Commission's Order issued in Docket 2014-152-WS dated May 2, 2014 granting authority to transfer the system to the City of Tega Cay. Therefore, TCWS is not a part of this proposed consolidation.

<sup>4</sup> All cited water rates for the UI operating subsidiaries are for single-family residential customers with 5/8" connections.

# SC Operating Business Units Consolidation Plan

---

Monthly Base Facilities Charge	\$12.49 per unit
Commodity Charge	\$4.72 per 1,000 gallons or 134 cft

## Sewer

Monthly Charges	\$45.04 per unit
-----------------	------------------

CWS's rates are based on a 2012 test year and were approved in Docket 2013-275-WS.

## **2. United Utility Companies, Inc.**

United Utility Companies, Inc. ("United") provides service to approximately 12 communities consisting of 101 water customers and 1,474 wastewater customers located in Anderson, Cherokee, Greenville, Greenwood, and Union counties. United customers pay the following rates, which took effect on December 27, 2013.

## Water

Monthly Base Facilities Charge	\$21.00 per unit
Commodity Charge	\$10.77 per 1,000 gallons or 134 cft

## Sewer

Monthly Charges	\$69.96 per unit
-----------------	------------------

United's rates are based on a 2012 test year and were approved in Docket 2013-199-WS.

## **3. Utilities Services of South Carolina, Inc.**

Utilities Services of South Carolina, Inc. ("USSC") provides service to approximately 92 communities consisting of 6,361 water customers and 354 wastewater customers located in, Abbeville, Anderson, Lexington, Richland, Saluda, Sumter and York counties. USSC customers pay the following rates, which took effect on December 27, 2013.

## Water

Monthly Base Facilities Charge	\$19.75 per unit
Commodity Charge	\$7.02 per 1,000 gallons or 134 cft

## Sewer

Monthly Charges	\$53.55 per unit
-----------------	------------------



# SC Operating Business Units Consolidation Plan

---

USSC's rates are based on a 2012 test year and were approved in Docket 2013-201-WS.

## 4. Southland Utilities, Inc.

Southland Utilities, Inc. ("Southland") provides service to two communities consisting of 175 water customers located in Lexington County. Southland customers pay the following rates, which took effect on December 18, 2007.

### Water

Monthly Base Facilities Charge	\$15.85 per unit
Commodity Charge	\$5.87 per 1,000 gallons or 134 cft

Southland's rates are based on a 2006 test year and were approved in Docket 2007-244-W.

## B. Consolidation Steps

Three of the four UI operating subsidiaries (CWS, United, and USSC) under consideration for consolidation had rate cases that were concluded within the last nine months. The current rates of the fourth subsidiary (Southland) went into effect in 2007. There are no rate cases planned for filing in 2014. Tariff consolidation, if feasible, will be part of the next rate case filing when all operating subsidiaries can be analyzed using the same test period of revenues, expenses and capital spending needs. Comparisons between a consolidated tariff and separate tariffs, using different periods of time and older test years, would not provide reliable conclusions. Consequently, a two-phased consolidation plan is proposed.

Phase I will consist of the merger of four corporate entities into one. CWS is UI's largest South Carolina entity, and having CWS as the surviving entity will affect the fewest number of customers and should result in less confusion and better transparency to the customer. The assets and operations of United, USSC, and Southland will merge into CWS to become CWS assets and customers. The Phase I process will identify all legal transactions and transfers necessary for completion of the CWS merger going forward. The transfer of ownership and control considerations will include items such as land, easements, agreements, permits, authorities, allocations, etc. After Commission approval in this proceeding, United, USSC and Southland will be merged into CWS with no change in their respective rates. UI hopes to receive expedited consideration from the Commission and approval by the end of 2014.

Phase II will specifically deal with the consolidation of the tariffs and the effect of consolidation on the ratepayers if approved. Because Phase II will occur with the filing of the next rate case, most likely in

# SC Operating Business Units Consolidation Plan

---

the first or second quarter of 2015, the four entities will be analyzed at that time using the most current data within the same test year, providing comparable data. Additionally, audit cut-off dates used for considering inclusions for capital expenditures during rate case proceedings will be consistent for all entities.

## C. Financial Performance of the UI Subsidiaries

The UI operating subsidiaries have varying rate bases, expenses and test years used to determine rates based on historical rate requests. Another component of the rate calculation is the number of customers per operating subsidiary. These components account for the varying rates that customers pay each month.

The table below shows the varying components of each subsidiary's last rate case.

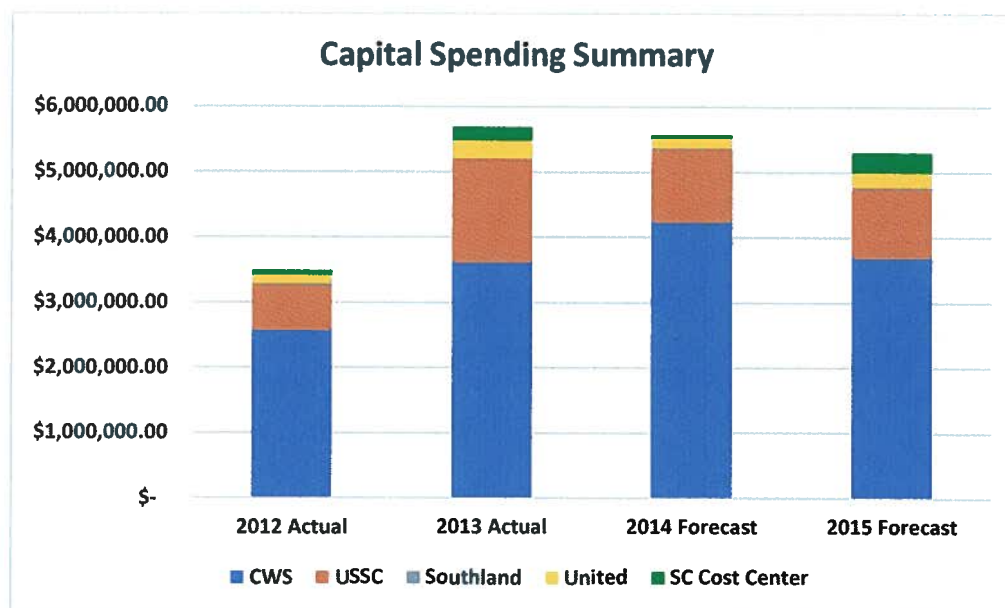
Company	ERCs	Rate Base	O&M	Approved ROE	Test Year	Date of PSC Order	Order No.
CWS	20,963	\$26,697,965	\$7,388,852	9.50%	2012	3/4/2014	2014-207
USSC	6,719	\$10,513,057	\$3,471,927	9.23%	2012	12/27/2013	2013-910
Southland	175	\$318,573	\$81,994	9.34%	2006	12/18/2007	2007-887
United	1,083	\$3,007,057	\$974,834	9.35%	2012	12/27/2013	2013-909

## D. Capital Budgets

For the calendar years 2012 and 2013, the UI operating subsidiaries spent \$3.48 million and \$5.69 million, respectively, on capital investments. Additionally, the UI operating subsidiaries' capital forecast for 2014 is \$5.57 million, and an additional \$5.30 million is forecasted for 2015. The graph below shows the actual and forecasted capital expenditures from 2013-2015. These numbers exclude all TCWS spending and budget numbers.

# SC Operating Business Units Consolidation Plan

---

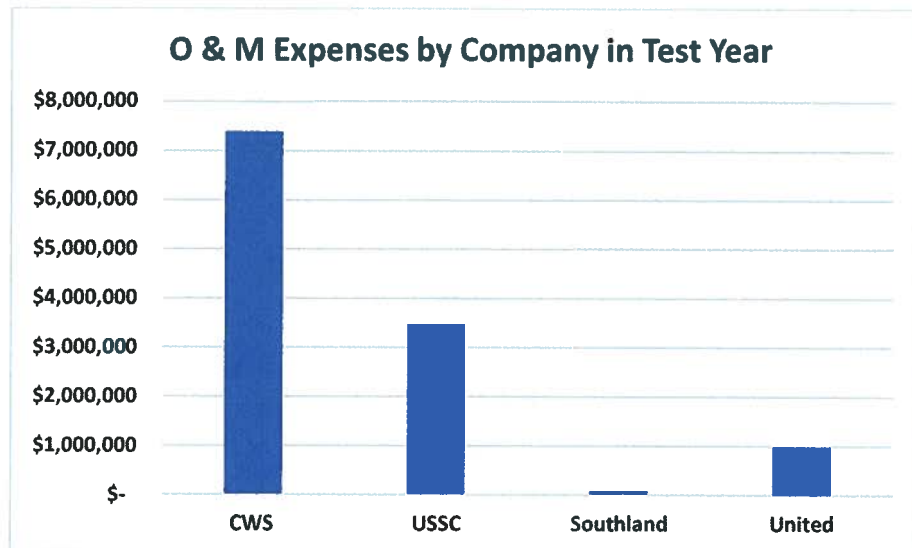


Note: United's Capital Spending excludes expenditures made for the wastewater facilities sold to North Greenville University, the transfer of which was approved in Order 2014-437, Docket No. 2014-102-S. "SC Cost Center" spending refers to common costs incurred for all four subsidiaries.

# SC Operating Business Units Consolidation Plan

## E. Operation and Maintenance Costs

For the test year 2012, the three UI operating subsidiaries that filed rate cases spent a combined \$11.8 million on Operation and Maintenance expenses ("O&M"). For the test year 2006, Southland spent \$81,994 on O&M. The graph below shows the Operation and Maintenance Expenses by company.



## F. Rate Case Activities

Currently there are no pending rate cases before the Commission for UI's operating subsidiaries. As shown above, three of the operating subsidiaries had rate cases filed in 2013 using December 31, 2012 historic test periods. The rate case for Southland, Inc., the smallest subsidiary, was filed June 25, 2007 using a 2006 test period. As discussed in Section B, UI plans to file a consolidated tariff (general rate case) in 2015 pending Commission approval of consolidating the corporate entities for UI's operating subsidiaries.

## G. Cost Savings and Customer Impact

### 1. O&M and Administrative Expenses

UI reviewed the operations and maintenance (O&M) and general administrative expenses to determine if the proposed consolidation would result in a reduction to these expenses. UI's current subsidiaries in South Carolina are essentially run as one company and UI uses its family of subsidiaries



# SC Operating Business Units Consolidation Plan

---

effectively for leveraging its buying power and technical support when needed. Thus, very little reduction in O&M costs will result from the proposed consolidation.

The consolidation would result in a reduced number of corporate filings with the Internal Revenue Service, the Secretary of State, and the South Carolina Department of Revenue and annual filings required by the Commission. However, the reductions in filing would not result in any material cost savings to pass on to the customers, as no accounting positions would be eliminated and the cost allocation methodology would remain the same.

Consolidation would have no effect on the amount of state income tax, annual utility assessment or corporate franchise tax paid. These taxes and fees are calculated using total paid-in capital that reflects the sum of the stated capital and paid-in surplus accounts for each UI Operating Subsidiary. After consolidation, these paid-in capital accounts would be summed and the total franchise tax would be the same as in prior periods.

In summary, while O&M savings from consolidation are expected to be small when compared to the overall O&M expense budget, these savings will be passed on to customers in future rate proceedings. However, the reduction in the cost of O&M and administrative services is not the driving force for consolidation. The real benefits of consolidation will be the transparency and efficiency resulting from a simplified ratemaking process. Additionally, consolidating the rate bases of the four operating subsidiaries during Phase II should mitigate the impact on customers' rates when large expenditures are required.

## 2. Rate Case Expenses

It is difficult to determine or budget total rate case expenses for a consolidated entity of the four current subsidiaries as many variables can affect rate case expenses. These variables include, but are not limited to, the number of intervenors (*e.g.* homeowners' associations, individual customers, etc.), the extent of the ORS's audit, the amount of discovery, the number of public hearings, the complexity of the issues and the need to retain external consultants. A large rate case encompassing the four present operating subsidiaries would add complexity, particularly for the initial consolidated filing. However, given that there are five counties in which two or more UI operating subsidiaries are located, it would be reasonable to predict that, over the long term, consolidation would result in reduced rate case expenses by reducing the need for multiple notices and public hearings in those counties.



# SC Operating Business Units Consolidation Plan

---

## 3. Effect on Customer Rates

Perhaps the most significant benefit of consolidation would be rate stabilization. If a major capital investment were required to continue to provide safe and reliable service, the impact on customers would not be as great due to the spreading of costs across the entire consolidated company. For example, presently, a single subsidiary could experience a spike in rates if it requires a major investment of capital funds. On the other hand, if the Commission approves consolidation, the costs could be spread throughout the entire company, providing rate stabilization and avoiding sharp increases in rates.

## III. Recommendation

### Phased Consolidation

#### 1. Corporate Entities

UI recommends that the UI operating subsidiaries open a docket at the Commission to consolidate the companies into one entity on or before December 31, 2014.

#### 2. Rate Proceedings

UI recommends that all of its SC operating companies move to a single-tariff pricing in its first rate case following consolidation. This approach will maximize savings to the customers through lower rate case expenses due to fewer rate case proceedings and enhance rate stabilization. CWS, the surviving operating entity, plans to file this consolidated rate case on or before June 30, 2015 pending Commission approval of the consolidation. Detailed rate design will be conducted in those proceedings.

## IV. Conclusion

A full revenue and rate analysis will be required in order to determine the exact impact that consolidation will have on the customers. However, a preliminary assessment of the impact of consolidation reinforces UI's belief that consolidation will provide benefits to all parties involved. Consolidation is expected to provide long-term benefits for the customers, the Company, Commission and ORS.

252778

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2014-399-WS**

RECEIVED

OCT 02 2014

PSC SC  
MAIL / DMS

Joint Application of Carolina Water Service, Inc., United Utility Companies, Inc., Utilities Services of South Carolina, Inc., and Southland Utilities, Inc. for approval of transfer of stock and merger.	)	<b>MOTION TO WAIVE HEARING</b>
	)	<b>AND FOR</b>
	)	<b>EXPEDITED CONSIDERATION</b>
	)	
	)	
	)	

Carolina Water Service, Inc. ("CWS"), United Utility Companies, Inc. ("United"), Utilities Services of South Carolina, Inc. ("USSC"), and Southland Utilities, Inc. ("Southland"), (collectively the "Joint Applicants"), have jointly applied to the Public Service Commission of South Carolina ("Commission") for approval of the transfer of the stock and subsequent merger, and the related transfer of water and sewer facilities, territories, and certificates of public convenience and necessity of United, USSC and Southland to CWS. The Joint Applicants move pursuant to S.C. Code Ann. Regs. 103-829 and other applicable rules of practice and procedure of the Public Service Commission of South Carolina ("Commission") for expedited review of the Application and waiver of a hearing. In support of this motion, the Joint Applicants would show that:

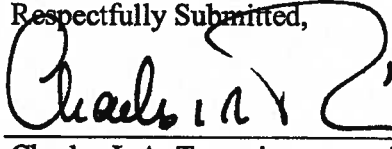
1. The Joint Applicants have filed a verified application with detailed information about their planned merger, sufficient to inform the Commission and the public of the transaction and its consequences.
2. Approval of the Application will result in greater administrative efficiency and judicial economy.

3. Approval of the Application will have no effect on customers' rates or service.
4. Expedited consideration of this matter will not prejudice the rights of the parties or negatively affect the public.
5. There are no contested issues in this docket.

WHEREFORE, the Joint Applicants respectfully request that the Commission decide the proceeding without holding a hearing and grant their request for approval of the Application on an expedited basis.

Date: 10-1-14

Respectfully Submitted,



Charles L.A. Terreni  
Terreni Law Firm, LLC  
1508 Lady Street  
Columbia, South Carolina 29201  
Telephone (803) 771-7228  
Facsimile (803) 771-8228  
Email: [charles.terreni@terrenilaw.com](mailto:charles.terreni@terrenilaw.com)

Scott Elliott  
Elliott & Elliott P.A.  
1508 Lady Street  
Columbia, South Carolina 29201  
Tel. (803) 771 0555  
Fax (803) 771-8010

COUNSEL FOR THE JOINT APPLICANTS